



WORDS ON WISE MANAGEMENT

Upholding the psychological employment contract

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Do you realize that every one of us has a psychological contract with our organization? The psychological contract is a concept that describes the understandings, beliefs, and commitments that exist between an employee and an employer. Although it is unwritten and intangible, it represents the mutual expectations that are felt between the two. The psychological contract is strengthened (or weakened) by each party's perception of the employment relationship. It is formed through daily interactions between colleagues, managers, and the organization.

The psychological contract influences how employees behave when they're on the job and when they're relating to their managers. An employee balances what she puts into her job with how she feels she is being treated by her employer. If she feels she is giving more than she is getting back in return, the balance is skewed and the psychological contract is breached. The psychological contract will develop and constantly evolve over the working relationship.

3 deal breakers

So what can you, as a manager, do to uphold your side of the psychological contract? Clearly, there are many things, but a few critical "deal breakers" include:

- (1) Making sure employees' paychecks are always correct;
- (2) Ensuring that their vacation isn't messed with—either by miscalculating the time they've earned or interrupting them while they're on vacation; and
- (3) Demonstrating that you care about them as people.

I remember my boss's mantra early in my HR career: "The two most important rules in HR are to never mess up anyone's paycheck or vacation time." When the day came that I had the responsibility of being a people leader, I remembered those words and vowed to do what I could to ensure that I would hold up my end of the deal.

Paycheck accuracy is critical. In terms of paychecks, employees trust their organization to keep up with what they are owed—it's the basic minimum they expect from you. When an employee opens his paycheck or examines his pay stub, he needs to know that

what he is holding is correct and above reproach. He has performed up to your expectations and he's entitled to have the same expectations of the organization with regard to an accurate paycheck. This should be your first and most important order of business when a team member comes to you with a paycheck problem.

Time off is sacred. Similarly, I cannot overstate the importance of making sure accrued time off is correct on the HR information system or on pay stubs. Everyone works hard for their money and their time off, so miscalculating earned leave is almost as big a snafu as incorrectly calculating a paycheck. When an employee points out a mistake, the sun shouldn't set that day before the discrepancy is resolved.

The same goes for holding employees' time off as sacred. Calling or e-mailing someone while she is on vacation should be saved for "true emergencies," which should be few and far between. Don't you want your team members to be able to relax and enjoy their well-earned time off?

Sharing is caring. Finally, do your team members know how much you care about them as people and not just as employees? Knowing that my boss has my best interests at heart goes a long way toward keeping the balance of the psychological contract intact.

The employment relationship can be adversely affected if there's a perceived breach in the psychological contract. When employees believe their employer has failed to fulfill its obligations, they feel that the psychological contract is broken. Breaches of the psychological contract can lead to an employee becoming disengaged from her job, and if the breach isn't resolved, it can continue to cause disaffection and demotivation, which results in a further decline in performance.

Bottom line

It's the employer's responsibility to try to maintain the employment relationship and to spot any deterioration. It's easier to maintain the psychological contract than to repair it following a breach. If you had to grade yourself on the three psychological deal breakers, how would you come out?



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